

## Message Text

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45

ACTION AGR-20

INFO OCT-01 EUR-25 IO-14 ISO-00 SP-03 AID-05 EB-12 NSC-07

RSC-01 CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-03 PA-04 PRS-01 USIA-15 DRC-01

SWF-02 NEA-14 EA-11 /216 W  
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R 031659Z OCT 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 5441

INFO AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS

USMISSION NATO BRUSSELS

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E.O. 11652: N/A

TAGS: EAGR, EEC, GW

SUBJECT: MORE FRG REACTION TO THE LUXEMBOURG CAP  
DECISION

REF: BONN 15603 (NOTAL)

1. THE REACTION OF OUR CONTACTS IN ECONOMIC AND  
FOREIGN MINISTRIES AND THE CHANCELLORY, TO THE  
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OCTOBER 2 AGRICULTURAL PRICE DECISION IN LUXEMBOURG

IS MIXED. FROM THE PERSPECTIVE OF COMMUNITY RELATIONS OUR CONTACTS ARE REASONABLY SATISFIED WITH THE COMPROMISE DECISION. THEY FEEL THAT THE OTHER COMMUNITY PARTNERS NOW TAKE GERMAN CONCERNS IN THIS AREA SERIOUSLY. FROM THE ECONOMIC POLICY VIEWPOINT HOWEVER THE DECISION WAS A DISAPPOINTMENT AND SOME CONTACTS FEEL THAT THE FRG GAVE AWAY TOO MUCH TO OBTAIN THE COMPROMISE. ACCORDING TO ONE SOURCE, CHANCELLOR SCHMIDT AND ECONOMICS MINISTER FRIDERICH'S HAD AGREED IN HAMBURG ON A TOUGHER STANCE BUT THEY GAVE FOREIGN MINISTER GENSCHER AND AGRICULTURAL MINISTER ERTL AUTHORITY TO COMPROMISE.

2. THESE DIFFERENCES OF PERSPECTIVE WERE MOST EVIDENT IN OUR CONTACTS' REACTION TO THE DECISION FOR A CAP REVIEW. ONE SOURCE FELT THAT PLACING RESPONSIBILITY FOR THIS STUDY IN THE COMMISSION'S HANDS WOULD ENSURE THAT NOTHING POSITIVE WOULD RESULT. OTHER SOURCES NOTED THAT GOVERNMENTS WILL HAVE AN INPUT DURING THE REVIEW AND WILL BE ABLE TO MAKE SPECIFIC PROPOSALS TO THE COMMISSION AND SUBSEQUENTLY TO THE COUNCIL. ANOTHER SOURCE REMARKED THAT HAVING THE COMMISSION CARRY OUT THE STUDY WOULD PREVENT THE UK FROM BROADENING THE TERMS OF THE REVIEW TO INCLUDE ITS RENEGOTIATION DEMANDS.

3. IN THE CASE OF THE PROVISION OF THE AGREEMENT ON NATIONAL MEASURES, ONE SOURCE STATED THAT THE COMMISSION WILL SPEND TWO YEARS STUDYING AND DRAGGING ITS FEET AND NOTHING WILL BE CHANGED. OTHER SOURCES NOTE HOWEVER THAT THE FRENCH AND OTHERS HAD BEEN APPLYING PRESSURE ON THE COMMISSION NOT TO CONTINUE ITS PROCEEDINGS AGAINST THEIR NATIONAL MEASURES AND THE LUXEMBOURG AGREEMENT WILL REMOVE THIS PRESSURE AND STRENGTHEN THE COMMISSION. ALL SOURCES AGREE THAT THE FRG MADE A SIGNIFICANT CONCESSION ON ITS THIRD DEMAND THAT THIS PRICE INCREASE BE CHARGED AGAINST NEXT YEAR'S PRICE INCREASES.

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4. COMMENT. FROM THE FRG POINT OF VIEW THE DECISION IN LUXEMBOURG WAS A COMPROMISE DICTATED BY THE CURRENT REALITIES WITHIN THE COMMUNITY. THIS AGREEMENT BOUGHT SOME BREATHING ROOM IN THE NEGOTIATIONS IN THE AGRICULTURAL SECTOR AND TEMPORARILY LOWERED THE TENSION. IT DID NOT DIMINISH THE PRESSURE WITHIN THE FRG FOR REFORM OF THE CAP AND IT DID NOT REALLY DEAL WITH THE FUNDAMENTAL PROBLEMS AT HAND.

THE FRG WILL CLOSELY MONITOR THE COMMISSION'S EFFORTS  
OVER THE COMING MONTHS IN ITS REVIEW OF THE CAP AND  
IN DEALING WITH NATIONAL MEASURES. IN THE MEANTIME  
IT WILL CONSIDER WHETHER TO MAKE THIS TOPIC A MAJOR  
POINT ON THE AGENDA FOR THE FORTHCOMING SUMMIT  
MEETING AND WHETHER TO PURSUE ITS CALL FOR A STRESA  
II CONFERENCE.  
HILLENBRAND

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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